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Mexico

Dairy and Products

Mexico Announces a Temporary Retaliatory Tariff in Response to Byrd Amendment

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Approved by:

Erich R. Kuss

U.S. Embassy Mexico City

Prepared by:

Sal Trejo

Report Highlights:

On September 13, 2006, Mexico's Secretariat of Economy (SE) announced it will temporarily apply a duty rate of 110 percent on imports of preparations made from milk products with a milk solids content in excess of 50 percent by weight, outlined in tariff code 1901.90.05. The implementation of this new duty rate is a continuation of Mexico's retaliatory actions in response to the WTO ruling on the Byrd amendment.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Introduction: This report summarizes an official announcement published in Mexico's "Diario Oficial" (Federal Register) on September 13, 2006.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

FAS/Mexico's Executive Summary: The Secretariat of Economy (SE) announced in the "Diario Oficial" (Federal Register) the temporary modification of the duty rate in relation to U.S. merchandise classified in the tariff section indicated below in response to the WTO ruling on the Byrd Amendment. According to the decree, the tariffs are effective September 14, 2006 and will be in force until October 31, 2006.

H.T.S	Description	Import tariff
1901.90.05	Preparations made from milk products with a milk solids content in excess of 50% by weight, except those outlined in 1901.90.04	110%

FAS/Mexico Analysis:

The retaliation of a 110 percent tariff imposed on dairy blends under tariff code 1901.90.05 will be imposed for a period of 48 calendar days, from September 14 to October 31, 2006. It is almost certain that imports subject to the 110 percent tariff will drop remarkably due to the increased cost. Mexico's dairy products industry indicates that there are limited substitutes for this product because of the milk powder content. Other similar products do not contain the required milk solids required by the industry in their processes. The only substitute would be non-fat dry milk or whole milk powder. It is possible that during the current retaliatory measures with the application of 110 percent on dairy blend preparations, the industry could resort to using milk powders, which currently enter Mexico at 23.5 percent duty.

Mexico's dairy industry believes the measure, in the unlikely event that imports of this product continue, will affect the Mexican industry and consumers more than it will the U.S. since the elevated cost of the product will be borne in its entirety by the Mexican industry and consumers.

Important Dates

- 1. Publication Date:** September 13, 2006
- 2. Implementation Date:** September 14, 2006
- 3. Validity Period:** until October 31, 2006

For More Information:

Fax: 011-52-5080-2130

Email: AgMexico@usda.gov

Internet Connections

FAS Mexico Web Site: We are available at <http://www.fas-la.com> or visit headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagar.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.sde.gob.mx These Web sites are mentioned for the readers'

convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.